

**Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201**

**Department of the Treasury**

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**Date: February 11, 2010**

**Employer Identification Number:**

**Contact Person - ID Number:**

**Contact Telephone Number:**

**UIL 4945.04-04**

**Dear :**

We have considered your request for advance approval of your grant-making program under section 4945 (g)(3) of the Internal Revenue Code, dated August 4, 2009.

Our records indicate that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code and classified as a private foundation as defined in section 509(a).

Your letter indicates that you will make grants to scholars, either through educational institutions or directly to the scholars, to support research on subjects of interest to this Foundation. An example of a potential subject of interest includes analysis and development of philosophical ideals based upon the teachings of scholars in a particular field of study, and related educational activities. These grants may include funds for travel. Applicants may be located anywhere, and the program is not intended to be limited geographically. You intend to work with your extensive network of contacts at universities and elsewhere, to identify students and scholars who are working in areas of interest focused on the advancement of nonviolence and freedom. You will be making primarily single-year grants; however, you may develop criteria for grant renewal if appropriate, depending upon the amount of funding available, the quality of applicants, and the Foundation's needs as determined by the Board.

The selection committee will consist of your Board members. Members of the selection committee will not derive a private benefit, either directly or indirectly, from the selection of any grantees over others. The members of the Board will select recipients on an objective and nondiscriminatory basis. Individuals who are employees, members of the Board of Directors, or persons related to them by blood or marriage will not be eligible for the scholarships.

There will be specific criteria to identify and select qualified scholars in areas relating to the Foundation's charitable purposes.

The Board will conduct a pre-grant inquiry based on an applicant's written proposal or application. Grant recipients will be required to sign a grant agreement agreeing to use the funds only for the purposes of the grant, to return any funds not so expended, and to submit reports to you at the conclusion of the grant period. Expenditure reports will be required at least semi-annually detailing (1) the grantee's name and address, (2) the date and amount of the grant, (3) purpose of the grant, (4) an accounting detailing the amounts spent and the purpose of each expenditure, and (5) a statement of whether any portion of the grant has been diverted from the purposes for which the grant was made. The grant agreement will require that grant proceeds not be used for prohibited purposes, i.e. activities prohibited under Section 4945(d)(1) and (2), payments to any individual or organization unless specifically described in the grant agreement, expenditures for any purpose other than one specified in Internal Revenue Code Section 170(c)(2)(B), or provide support to any person or entity that engages in violent or terrorist activities. The grant recipient will be required to maintain records, and make such records available to you upon reasonable notice. If a recipient of a grant is found to have violated the terms of the grant agreement, you will take legal action to recover the amount of the grant from the recipient. You may interview grant recipients or require them to report, or make presentations to you about the progress of their studies. Failure to issue a report, or any apparent misuse of funds, will be promptly investigated, and further disbursements, if any, will be held until the completion of any investigation. You will take all reasonable and necessary steps to (1) recover grant funds, or (2) ensure restoration of funds and their dedication to the purposes the grant funds are financing.

You agree to maintain records which include the following:

- a. Information used to evaluate the qualification of potential grantees, including any recommendations;
- b. Identification of the grantees (including any relationship of any grantee to the private foundation);
- c. The amount and purpose of each grant; and all requirements imposed on the grantee with respect thereto;
- d. All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein, constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements